USING COMPLIANCE TO PREVENT AND DETECT TIME KEEPING AND TRAVEL FRAUD

Presented by the Office of Inspector General
Legal Services Corporation
December 13, 2011
Today’s Webinar Presenters

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  * Investigative Counsel

USING COMPLIANCE TO PREVENT AND DETECT TIME KEEPING AND TRAVEL FRAUD
On September 30, 2011, the Inspector General issued a Fraud Alert on travel and timekeeping fraud.

The Fraud Alert was based on OIG investigations over the past five years uncovering over $200,000 in fraudulent timekeeping and travel submissions at LSC grantees.

Better compliance with LSC regulations could have reduced the fraud.

This webinar will provide additional information and also enable you to send us your questions.
HOW COMPLIANCE WITH LSC RULES COULD HAVE REDUCED FRAUD

* Title 45 C.F.R. Part 1635 (Time Keeping)

* CSR Handbook (2008 Ed.) ¶ 2.5 (Non-Attorney Supervision)

* LSC Accounting Guide (2010 Ed.) ¶ 3.0 (Adequate Accounting Records and Internal Control Procedures)
WHY PEOPLE COMMIT FRAUD

- They feel **pressure** to commit fraud
- They **rationalize** their behavior
- They are given the **opportunity**
OPPORTUNITY TO COMMIT FRAUD KNOCKS . . .

WHEN LSC RULES ARE NOT FOLLOWED
45 C.F.R. Part 1635 requires that time spent by attorneys and paralegals be documented by time records which record the amount of time spent on each case, matter or supporting activity.
* Attorneys and paralegals must contemporaneously document the time and date spent on each case

* Several OIG investigations have revealed fraud where supervisors did not require adequate time keeping

* Timekeeping records should be used to corroborate travel submissions
# CMS TIME RECORDS

<table>
<thead>
<tr>
<th>TIME SEQ</th>
<th>TIME ENTRY SCREEN REQUIRED FIELDS</th>
<th>FIELD NOT REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER</td>
<td>OFFICE</td>
<td>STGTIME</td>
</tr>
<tr>
<td>CASENUM</td>
<td>SEQUENCE NUMBER</td>
<td>ENDTIME</td>
</tr>
<tr>
<td>TIDATE</td>
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</tr>
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<td>SNUM</td>
<td></td>
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</tr>
<tr>
<td>TTIME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STAFF</td>
<td></td>
<td></td>
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<tr>
<td>MEMBER</td>
<td></td>
<td></td>
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<tr>
<td>NUM</td>
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<td></td>
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<tr>
<td>FUNDSNUM</td>
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</tbody>
</table>

- **OFFICE**: A good indicator for UNTIMELY entries
- **SEQUENCE NUMBER**: These two fields should be reviewed for accuracy
- **CASE NUMBER**: Does the time entered look consistent with the activity claimed
- **MONTH**: Info that can be verified with the courts

**Notes**:
- **START TIME**
- **END TIME**
- **IN COURT**
TRAVEL REIMBURSEMENT FORM INFORMATION

* Date of travel
* Start location
* Start time
* Destination
* End time
* Starting odometer
* Ending odometer

* Mileage
* Case number
* Purpose of trip
  * Court
  * Community Center
  * Contact info
OTHER FACTORS

- Specific travel locations covered by grants
- Intakes resulting from outreach efforts
- Field complaints
- Lack of work products in client folder
- Overall $$$ paid for mileage reimbursements
When you look at the highlighted section the case subject entered time worked on Monday on a Wednesday and the entries were entered at the same time.
When you look at the highlighted section the case subject DID NOT annotate their APPOINTMENT CALENDAR or CASE NOTES.
The CSR Handbook (2008) ¶ 2.5 requires advice given by a non-attorney be supervised by a licensed attorney unless the local jurisdiction or forum allows a waiver of attorney supervision.
A paralegal’s work product must be supervised by an attorney.

OIG investigations have revealed fraud when paralegals’ case files are not reviewed.

Case file documentation should corroborate timekeeping and travel submissions.
### CALENDAR CMS TIME ENTRY

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<th>Date Start</th>
<th>Creation Date</th>
<th>Trans ID</th>
<th>Time Start</th>
<th>TimeStop</th>
<th>Hours Worked</th>
<th>ClientID</th>
<th>WorkCategory</th>
<th>Work Description</th>
<th>Appt Cal Y or N</th>
<th>Activity Y or N</th>
<th>Case Note Activity Y or N</th>
<th>Destination</th>
<th>Mileage</th>
<th>Amount</th>
<th>Parking</th>
<th>Activity</th>
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<td>12/31/2009</td>
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<td>5:00 PM</td>
<td>8:00</td>
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</tbody>
</table>

When you look at the highlighted section the case subject submitted a mileage reimbursement claim to pick up medical records.
When you look at the highlighted section the case subject had no medical records or work product in the case file to support his travel.
When you look at the highlighted section the activities of the case subject has multiple issues to support the claim for reimbursement.
DO THEY MATCH?
LSC Accounting Guide (2010 Ed) ¶3.0 requires all LSC recipients to establish and maintain adequate internal controls
LSC recipients must implement internal controls

OIG investigations have revealed fraud where internal controls were not implemented and or not enforced

Effective Internal controls should be established regarding timekeeping and travel submissions
Management needs to set the tone at the top for ethical behavior.

Management must set a good example by requiring consistent implementation of internal controls and compliance procedures.
Internal Controls Best Practices

* Ensure all employees time records and travel submissions are reviewed
* Ensure that fiscal duties are segregated
* Longevity should not be a factor
* Engage Board and staff members in determining best practices
SUMMARY
WHAT YOU CAN DO TO REDUCE FRAUD

* Title 45 C.F.R. Part 1635 (Time Keeping)
  * Capture all pertinent information
* CSR Handbook (2008 Ed.) ¶ 2.5 (Non-Attorney Supervision)
  * Conduct periodic reviews of case files
* LSC Accounting Guide (2010 Ed.) ¶ 3.0 (Adequate Internal Control Procedures)
  * Conduct reviews to ensure implementation and effectiveness
PRESENTER CONTACT INFORMATION

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Contact the OIG Hotline to report fraud, waste, abuse, or regulatory violations

- Phone: 800-678-8868 or 202-295-1670
- Fax: 202-337-7155
- E-mail: hotline@oig.lsc.gov
- Mail: P.O. Box 3699, Washington, DC 20027-0199

Your identity can be kept confidential or you may remain anonymous
THANK YOU!